



SECTION 10

Certificates of Participation



COPs are secured by the agency's general state fund appropriations.

Real-estate Certificates of Participation (COPs) are structured and sold on a stand-alone or pooled basis, so each agency with COP approval must coordinate the timing of its funding needs with the Office of the State Treasurer (OST). Due to tax restrictions on use of COP proceeds and the requirement that the subject property shall secure the financing contract, it is advisable to contact OST directly to describe your basic project proposal in advance of submitting your budget request. This is especially important if the proposed project: (a) has any type of private component; (b) includes plans to finance a project on land owned by another party; or (c) involves a private operator or manager of the completed project.

The maximum allowable term for COPs (under RCW 39.94) is 30 years, but they are issued for shorter terms based on the size of the project, the source, amount and timing of agency local funds available for repayment, as well as the useful life of the structure. Regardless of the source of agency local funds to be used for repayment, all COPs are secured by the agency's general state fund appropriations; if the local funds are not sufficient to make payments, general appropriations are required to make the payment.

COP authorizations are generally listed in the "Miscellaneous" section of the biennial capital budget. The authorizations apply only to the biennium for which they are approved. If the project is not ready to finance in the biennium, the agency will need to seek re-authorization in the next biennium.

COPs will be issued once the agency has formal bid documents and has contracted for construction (if used for a construction or renovation project) or has entered into a purchase and sale agreement, completed all requirements for the purchase, and documents have been signed by all parties to the transaction (for acquisition projects).

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For most acquisition projects, the Office of the State Treasurer will request that the agency close the real estate transaction prior to the COPs being issued. General language in the capital budget for COP authorizations provides that agencies may expend other agency funds on the project, to be reimbursed from COP proceeds. Unlike general obligation bonds, there is no capital allotment process or requirement for COPs. An operating allotment process may be required for debt service. When you receive legislative authorization and have met with the OST to ensure that your project qualifies for COP financing, you may proceed with bid and award for construction (or sign documentation for acquisition). You should work directly with OST with regard to timing of the award of bids and sale of COPs.

Additional information is available on OST's web site

Additional information on COPs can be found in the "Lease/Purchase Program Guide" posted on the Office of the State Treasurer's web page at www.tre.wa.gov/BondDebt/bnd_state-lp.htm.

Questions may be directed to:

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